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SOURCE Rude Pravo.CZECH COURT SENTENCES COOPERATIVE LEADERS

Comment: The following article reproduced in its entirety is of interest in that it is indicative of the drive which the Czechoslovak government is conducting against individuals with middle-class backgrounds. The article also indicates difficulties experienced in internal trade.

In the presence of cooperative workers and representatives of workers from Olomouc and before the national court in Prostějov, a trial was conducted from 31 July until 2 August against a group of evildoers in the Prostějov Budoucnost cooperative. Jaroslav Demczak presided over the State Court, while Drs Frantisek Hevelka and Ladislav Holubec were the prosecuting attorneys.

The defendants were the former leaders of one of the largest cooperatives in the republic, Stanislav Korinek and Frantisek Latal, directors of Prostějov's Budoucnost; attorney Zdenek Havlik; chief accountant Frantisek Hrachovina; and the former manager of one of the cooperative stores, Oldrich Musil. They were charged with evasion of responsibility derived from their functions; that is, they planned to interfere with the fulfillment of the uniform economic plan for internal trade, and they brought about a serious decline in the activity of the Budoucnost group.

Defendant Frantisek Latal was the first to face the court. He had been working for Budoucnost since 1919. After many years of activity in this public cooperative Latal became wholly identified with the reform ideas of the social democratic liquidators and opportunists in the Budoucnost management, who were generally dishonest in their revolutionary task of acting as a support and aid to the working class in the fight against capitalist exploiters. In October 1945, Latal became the manager of Budoucnost, and he led the others according to capitalist business principles. The group's activity was motivated by a search for profits, not at all with a view of helping the consumers or expanding mass political work, especially in the rural communities. The leaders of Budoucnost were interested only in their own advancement and cared nothing for the development of socialism.

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Latal admitted, during the questioning, that this systematic disregard for the cooperative's rules and disruption of the duties of workers in the people's cooperatives was made possible only because of repeated neglect of the principles of cooperative democracy and state discipline. The leaders of Budoucnost failed to give the plenary session the invoices which would have revealed their activities, and they did not seek its advice; on the contrary, they made their own decisions, either individually or at meetings of the presidium, of which they were members.

In testifying, Latal said; "As for me, the alpha and omega of my actions was the pursuit of profits. I was lenient and participated in dishonest commercial machinations to make greater profits. I thereby caused the cooperative a great deal of harm, while undermining the confidence of the working class in it. I neglected my duties as an honest manager and functionary."

After February of 1948, the leaders of Budoucnost joined the ranks of the defeated bourgeoisie, attempting, as the pupils of the treacherous rightists Majer and Lausman, to aid them with all their strength. During the incorporation of members from the business and traders' group, Budoucnost announced a competition with the national enterprises. Latal said that they accepted even those businesses which, due to the nature of their product or merchandise, were within the scope of certain national enterprises which could have utilized their facilities to better advantage than could the cooperative.

The bakery Toks, for instance, became a cooperative, although the Severomoravske Mlyny (North-Moravian Mills) were supposed to take it over, and Budoucnost used only approximately 40 percent of this facility. The former capitalist owner, however, received more than a quarter of a million crowns as rental. In Olomouc-Pavlovic, a million crowns were paid to the heirs of the former owner for a meat-processing plant after an agreement was reached between the accused Latal, Korinek, and Havlik; hence the plant escaped nationalization. At Latal's suggestion, Starek, a building contractor from Prostějov, was admitted to the cooperative, but he retained ownership of his materials and inventory.

Prosecutor: You made Starek a cooperative member, but not his plant?

Latal: Yes. He wanted to retain his materials and equipment so that in the event of a change in conditions he could once again be independent.

Prosecutor: You were counting on a reversal of conditions?

Latal is silent.

Prosecutor: Starek, the active member, was an entrepreneur, as before, and the risk was assumed by Budoucnost?

Latal: Yes. Starek received a salary of 6,000 crowns, plus 9,000 crowns rent for his equipment; besides, he profited from the materials he sold us.

Latal admitted that these illegal benefits were given to the former independent owners not only because they wanted to allow them to make a profit without working for it, but they thus caused dissatisfaction among the national enterprise employees. The former owners were allowed to remain as managers of their former enterprises and nobody checked on their activities. The cooperative, as Latal explained, made profits for the capitalist members, and the regular cooperative members failed to get even a percentage of the profits to which they were entitled. The former private owners, due to disproportionately high rentals for their machinery and equipment, as well as other forms of black-market payments, shared in the profits of Budoucnost.

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According to Latal's admission, which was verified by his accomplices, the defendants managed the cooperative's property as if it were their own. The cooperative warehouses were always open to them, and they took from them textiles, food, and other goods, never giving a thought to compensatory payment. Latal, for example, acquired for Budoucnost, an Aero auto from his relative. After having it repaired and putting new tires on it he bought it for his son for 20,000 crowns. Latal, Korinek, and Havlik made arrangements in the presidium to receive, as gifts, three brand-new passenger automobiles, as a "reward for their efforts in behalf of the cooperative." However, since the presidium did not have the authority to give away cooperative property, and since the plenary session would never authorize such enrichment at the expense of the cooperative members, Chief Accountant Hrachovina wrote off the automobiles from the Budoucnost inventory, as though they had been amortized.

Hrachovina admitted that in return for his cooperation, Latal overlooked his failure to pay 20,000 crowns for the auto which Hrachovina had purchased from Budoucnost. Latal took advantage of this and, in a like manner, cancelled, at the same time, his own debt of more than 27,000 crowns for a projection machine which he had purchased for his own use with cooperative funds.

To the court, Hrachovina appeared as a willing servant having the ideas and opinions of one serving capitalism. In his capacity of chief accountant he covered up with false balances all thefts from the cooperative warehouses, as well as various nefarious transactions, and he controlled a so-called black fund which was originated by the cooperative's management, at the suggestion of Havlik. The money which the cooperative had failed to pay into the national enterprise, or which it had acquired from illegal business deals, made up the fund. The largest contribution to the black fund was the profit made on the parcel activity during Christmas of 1948. The defendants received a million crowns from the fund, acquiring the money by means of improper payments for the packaging work. In addition, through false weighing they acquired a vast amount of scarce items, such as coffee, raisins, tea, and rice, Latal and Havlik covering this up, with the knowledge of the others, by using a special warehouse. They used the merchandise for their own purposes and as bribes.

The black fund served, on the one hand, to finance various illegal transactions by the Budoucnost management and, also, to pay for various picnics, banquets, bribes, New Year bonus payments for the cooperative's leaders, and for other things. Hrachovina made the payments and he knew that such dealings were harmful to the economic plan. He attempted to make excuses to the court for his activity, saying that he merely followed orders; however, he was cunning and deceitful in his bookkeeping, and his parasitic activity brands him as a profiteer. This rightist social democrat revealed his inimical attitude towards the working class when he withheld 40,000 crowns which the Budoucnost employees had collected among themselves for aid to the striking French miners, and he later added the money to the cooperative's management fund.

The second day of the main trial opened with the hearing of defendant Musil. He began business operations in 1942 with borrowed capital, achieving a turnover of several million crowns the first year. From his testimony, it is assumed that he didn't make a single respectable deal during his entire lifetime, and he became rich as the result of a great number of illegal transactions. This is evidenced by his dissipation and high living, his luxurious cottage and home which admittedly cost him, since the liberation, more than one and a quarter million crowns.

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Following an understanding with Korinek, who promised him great profits and the possibility of continuing his black-market operations, Musil became a member of Budoucnost, even though his hardware business was to be nationalized as a special store of Kovomat. Musil withdrew from his supply of goods the most luxurious, short-supply items, amounting to 400,000 crowns, Budoucnost paying him more than 2 million crowns for the rest of his merchandise. He was not satisfied with this amount, however, and so Korinek, with Latal's permission, arranged for an additional payment of almost half a million crowns. Musil then gave Korinek 100,000 crowns as a bribe.

As the manager of the Budoucnost store, Musil did not neglect his black-market activities; he merely had his employer take the risk. Thus, in collaboration with Korinek, who was at that time Budoucnost's director, he bought from a friend in Karlovy Vary 15 carloads of imperfect porcelain dishes for 10 million crowns.

Musil divided the 24-piece sets of imperfect porcelain into two sets, selling each for the same price as a complete set. Another of Musil's deals involved the purchase of enamelware which had been stolen by one of his friends from a national enterprise warehouse. Budoucnost paid him 270,000 crowns for the goods, payment being made in such a manner that Musil could withhold, every day, a part of the profits from the store. He then sold the dishes and pocketed the proceeds. Furthermore, as the buyer of ordinary consumer goods, he billed Budoucnost for merchandise at a higher price, so that he made considerable profits at his employer's expense. Also, he received silverware in exchange for other goods, selling the former privately at exorbitant prices. Musil, with Korinek's assistance, thus became a multimillionaire in less than 9 years.

Korinek has the greatest responsibility for the damage done to Budoucnost, arising from improper procedure in the acquisition of members from among private businessmen and from inadequate inspection of cooperative warehouses and sales outlets; as well as because corruption flourished and there were many illegal business operations. He belongs to that group of people who, had shown some merit in the past but who had torn themselves away from the working class, and who now consider themselves to be great persons who can disregard laws and regulations. Korinek was employed by Budoucnost from 1935. In this reactionary center of harmful elements he embraced all of the harmful methods of the rightist reformists. Following the liberation, he became manager of Budoucnost's textile division, acting as directing manager since April of 1950. At the time that private businessmen became members he was the referent for internal trade in the Kraj National Committee, in Olomouc. He interfered with Budoucnost's decentralization and the creation of okres cooperatives which would have improved the distribution network in Olomouc.

In addition to receiving the unauthorized gift automobile, Korinek had the Budoucnost employees rebuild his luxurious cottage. Materials from Budoucnost were sometimes used for the building, although the shortage of such materials forced the cooperative to refuse to do maintenance work for its members and shops. He accepted, as bribes, substantial quantities of food and textiles from the cooperative. Thus, in addition to accepting 100,000 crowns in cash from Musil, as he admitted, he received valuable gifts valued at an additional 100,000 crowns.

Korinek confessed that he is to blame for the bitter competition with the national enterprises, whose socialist sector was damaged in the interest of capitalism. Likewise, he participated in many machinations in amortizing goods and falsifying invoices, and he gave his approval to all illegal business deals concluded by Havlik for Budoucnost.

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This former rightist Social-Democrat helped to originate a black fund and, at his suggestion, goods stolen from the Christmas package stocks were hidden away. Havlik admitted that it was their intention to wrap the bundles inefficiently and thus shake the confidence of the workers in their government. Havlik also did an active business with black marketeers, aiding Budoucnost to conclude several large, illegal transactions. Thus, following the well-deserved punishment of wholesaler Schwarzer, the cooperative purchased, without an invoice, from a former capitalist, casings for use in meat production, paying twice the official prices. Similarly, rice straw was purchased, the manufactured brushes being sold on the black market. In this way, the cooperative suffered a loss of more than 800,000 crowns.

The proceedings were concluded with testimony by experts. Prosecutor Dr Ladislav Holubec then gave the concluding speech. Pointing out the dangers involved in the illegal actions of the accused, he said:

"The greatest lesson of this trial for our working class and for our millions of cooperative workers is the fact that it is necessary to eliminate all vestiges of the old reform elements within our cooperatives, elements which, in attempting to hinder the revolutionary tasks of our cooperatives, utilize the most shameful and infamous methods."

During the second day of the trial after the defendants' views were heard, they were answered by Prosecutor Dr Frantisek Hevelka.

The national court announced the verdict on Saturday, 2 August. The defendants were declared guilty of committing the illegalities as charged and were sentenced as follows: Oldrich Musil, 20 years; Stanislav Korinek, 18 years; Zdenek Havlik, 15 years; Frantisek Hrachovina, 13 years; and Frantisek Latal, 9 years.

Each of the accused lost his civil rights, his property was confiscated, and a fine was imposed. In addition, all of them are barred forever from participating in internal trade.

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